

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6066

BILL NUMBER: SB 42

NOTE PREPARED: Mar 4, 2004

BILL AMENDED:

SUBJECT: Chronic Disease Management and Registry.

FIRST AUTHOR: Sen. Miller

BILL STATUS: Enrolled

FIRST SPONSOR: Rep. C. Brown

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill removes exemption of the risk-based managed care program from the Disease Management Program. The bill allows the State Department of Health to add chronic diseases to the chronic disease registry by administrative rule. It also adds public and private third-party payers as: (1) persons to be used by the Office of Medicaid Policy and Planning in implementing a disease management program; and (2) persons that may report chronic disease cases for the chronic disease registry. (The introduced version of this bill was prepared by the Select Joint Commission on Medicaid Oversight.)

Effective Date: July 1, 2004.

Explanation of State Expenditures: The bill would require all Medicaid recipients to participate in the disease management program which may result in state savings. Current statute provides that Medicaid managed care participants are exempt from this requirement.

The disease management program consists of a web-based, recommended treatment protocol and patient education materials, as well as a case-management component. Managed care organizations (MCO's) may have similar programs in place designed to produce similar outcomes. The removal of the exemption does not require the managed care contractors to use only the programs developed by the Indiana Department of Health and the Office of Medicaid Policy and Planning; it does require Medicaid recipients to participate in such a program if the contractor does not provide this service. Disease management programs are intended to save money and improve the patient's condition by managing chronic diseases to prevent or reduce the incidence of more expensive acute occurrences that use hospital emergency departments or require inpatient admissions.

The bill also allows the State Department of Health to add additional chronic diseases by rule to the original

four conditions defined in the statute for the Chronic Disease Registry. (The original conditions are: asthma, diabetes, congestive heart failure or coronary heart disease, and hypertension.) The bill also expands the potential participants that may report cases to the Chronic Disease Registry to include public and private third-party payers. The Department of Health reports that the Chronic Disease Registry is in the early stages of development. The Chronic Disease Registry project is funded within the current level of resources available to the Department. The Department is using federal grant funds for planning and development of the registry. The Department reports that the registry planning is not far enough along in the development process to estimate final cost requirements, although the Department reports sufficient data processing capacity to operate a pilot.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana State Department of Health, Office of Medicaid Policy and Planning.

Local Agencies Affected:

Information Sources: Zach Cattell, Legislative Liaison for the State Department of Health, (317)-233-2170; and Melanie Bella, Assistant Secretary, Office of Medicaid Policy and Planning, (317)-233-4455.

Fiscal Analyst: Kathy Norris, 317-234-1360.